

Reference: RCS/C.5

TREASURY CIRCULAR MUN NO. 8/2017

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SAMPLE PROJECT RISK REGISTER

1. PURPOSE

This circular serves to guide Chief Risk Officers on possible risks to be considered when facilitating a Project Risk Assessment.

2. BACKGROUND

Emanating from the 2015/16 Municipal Governance Review and Outlook (MGRO) engagements, requests were put to the Provincial Treasury to assist with the development of a sample Project Risk Register.

This Risk Register was compiled by Provincial Treasury and disseminated to members of the Local Government Chief Risk Officers Forum for input.

3. REQUIRED ACTION

The resultant Project Risk Register is attached hereto for furtherance by the municipal Chief Risk Officers. Municipalities should incorporate the Project Risk Register either as a stand-alone register for all projects or in its existing risk register.

Provincial Treasury continues to support municipalities on the path to risk management maturity.

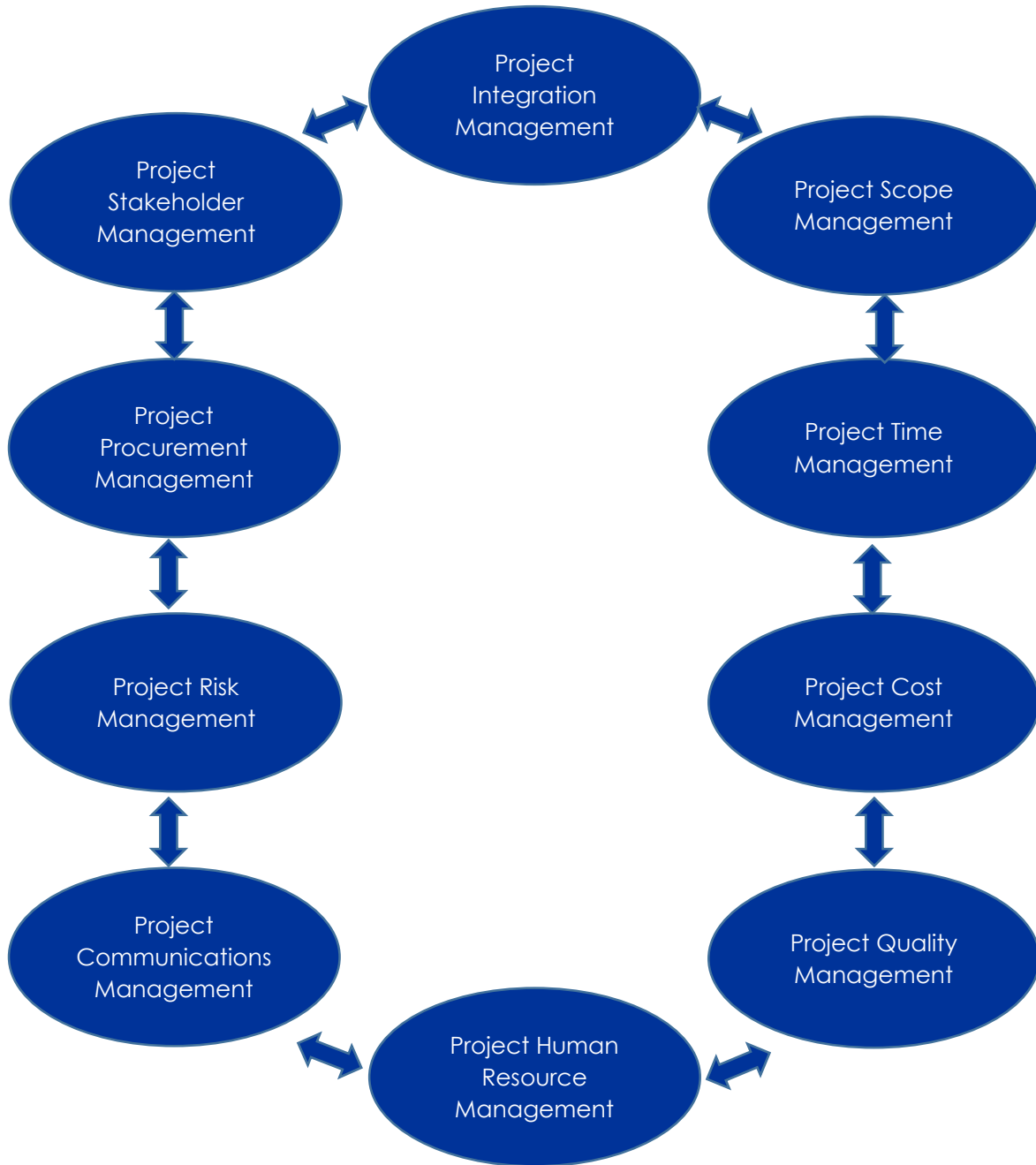


ASHLEY THOMAS

ACTING DIRECTOR: FINANCIAL GOVERNANCE

DATE: 27 March 2017

Project Risk Register Process Map



PROJECT RISK REGISTER

Category/ Knowledge Area	Risk	Description	Impact Area				
			Financial	Service Delivery	Reputational	Compliance	OH&S
Project Integration Management	Delays to required infrastructure	Delays to infrastructure such as hardware or material.					
	Failure to integrate with business processes	The risk that your product will fail to fit into the existing business.					
	Failure to integrate with systems	The risk that your product will fail to integrate with existing systems.					
	Integration testing environments aren't available	The risk that environments won't be available to test integration.					
	Failure to integration with the organisation	The risk that your project fails to integrate with the organisation. This happens when the project is focused on delivering something specific and fails to look at the organisation as a whole. For example, you deliver a sales system but your organisation doesn't have a sales team.					
	Failure to integrate components	The risk that product components will fail to integrate with each other. This can represent a significant risk when you've outsourced work to a large number of vendors.					
	Project disrupts operations	The last thing you want is for your project to disrupt business operations and damage the firm's financial results. Think about risks beyond project failure.					
	Project disrupts compliance	The risk that the project disrupts compliance processes such as audits and reporting.					

Category/ Knowledge Area	Risk	Description	Impact Area				
			Financial	Service Delivery	Reputational	Compliance	OH&S
Project Scope Management	Inaccurate scope defined	The general risk of an error or omission in scope definition.					
	Excessive Scope creep inflates scope	Uncontrolled changes and continuous growth of scope.					
	Inappropriate changes inflates scope	The project team add their own product features that aren't in requirements or change requests.					
	Inaccurate Estimates to Project	Self explanatory.					
	Dependencies are inaccurate	Dependencies dramatically impact the project schedule and costs.					
	Activities are missing from scope	Required activities are missing from scope definition.					
Project Time Management	Delays impact project duration	Establish guidelines for decision turnaround time. Identify the risk that guidelines will be exceeded.					
	Failure of project to meet the required time allocation for completion.	Project runs over the time allocation thus delaying the project further.					
Project Cost Management	Inaccurate cost forecasts	Inaccurate cost estimates and forecasts.					
	Changes to cost effecting budget to project.						
Project Quality Management	Lack of oversight w.r.t. project stages	Nobody checks Quality of workmanship, etc.					

Category/ Knowledge Area	Risk	Description	Impact Area				
			Financial	Service Delivery	Reputational	Compliance	OH&S
Project Human Resources Management	Shortage of Resource	Inability to secure sufficient resources for the project.					
	Learning curves lead to delays and cost overrun	When your project team need to acquire new skills for the project there's a risk that productivity will be low.					
	Lack of Training	Quality training for certain skills can be difficult to secure.					
	inadequate Training	Training is often a poor substitute for professional experience. Projects shouldn't assume that resources will be fully productive in a new skill.					
	Resources are inexperienced	Resources who are just out of school or who are new to your industry or profession tend to make more mistakes and be less productive.					
	Inefficient Team members with negative attitudes towards the project	Resources who are negative towards the project may actively or passively sabotage project efforts.					
	Excessive staff/ Resource turnover	Staff/Resource turnover leads to delays and cost overrun.					
	Low team motivation	Your team lacks motivation. This is a particularly common risk for long running projects.					
	Lack of commitment from functional managers	In a matrix organisation your team may report to functional managers. These functional managers are important stakeholders whose support is critical.					

Category/ Knowledge Area	Risk	Description	Impact Area				
			Financial	Service Delivery	Reputational	Compliance	OH&S
Project Communications Management	Lack of Project Communication to all levels of project members						
Project Risk Management	Failure to follow methodology	If your organisation asks you to streamline your project management methodology, that can be documented as a risk.					
	Lack of management or control	A lack of project management should be documented as a risk. For example, if resource constraints cause the project to skip certain project management best practices.					
Project Procurement Management	Failure to negotiation a reasonable price for contracts	Inability to negotiate a reasonable price for contracts. This occurs when the requirements or contract terms make vendors nervous.					
	Ineffective contract terms	Inability to negotiate acceptable contract terms.					
	Excessive Conflict with vendor leads to project issues	The relationship with vendor turns to conflict and project issues mount.					
	lost opportunity due to Vendors start late	The risk of a late start.					
	Ineffective Vendor components fail to meet requirements	A vendor misunderstands requirements or delivers components that are completely off the mark.					
	Ineffective Infrastructure	Your infrastructure fails or is not fit for purpose.					
	Incorrect Service quality	Services you procure such as consulting are not fit for purpose.					

Category/ Knowledge Area	Risk	Description	Impact Area				
			Financial	Service Delivery	Reputational	Compliance	OH&S
Project Stakeholder Management	Lack of stakeholder engagement	When stakeholders ignore project communications.					
	inaccurate Stakeholder expectations	Stakeholders develop inaccurate expectations (believe that the project will achieve something not in the requirements, plan, etc.).					
	Failure of Stakeholders to support project	When stakeholders have a negative attitude towards the project and wish to see it fail.					
	Stakeholder conflict	Disagreement between stakeholders over project issues.					
	Failure of Project team to understand requirements	When requirements are misinterpreted by the project team a gap develops between expectations, requirements and work packages.					
	Over Communication	When key project resources spend a high percentage of their time engaging stakeholders on project issues and change requests their work may fall behind.					
	Under communication	Communication is a challenge that's not to be underestimated. You may need to communicate the same idea many times in different ways before people remember it.					
	Inaccurate expectations of users/team	The risk that users believe the project is building an apple when you're really building an orange (i.e. users don't understand the product that's coming their way).					
	Failure of keeping individuals/community informed.	A stakeholder is missing in your communication plan. Anyone who isn't informed but is impacted has an excellent reason to throw up project roadblocks. For example, if you build a system but fail to consult the operations group that will be responsible for support.					